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FM AMEMBASSY KUALA LUMPUR

TO RUEHC/SECSTATE WASHDC PRIORITY 0760

INFO RUCNASE/ASEAN MEMBER COLLECTIVE PRIORITY

RHHMUNA/USCINCPAC HONOLULU HI PRIORITY

RHEHNSC/NSC WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 KUALA LUMPUR 000223

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FOR EAP/MTS AND INR

E.O. 12958: DECL: 03/28/2018

TAGS: [PGOV](#) [KDEM](#) [MY](#)

SUBJECT: UMNO SETS PARTY ELECTION FOR DECEMBER, ABDULLAH LOSES TERENGGANU FIGHT

REF: A. KUALA LUMPUR 202 - KING VERSUS PRIME MINISTER

[1B](#). KUALA LUMPUR 178 - UMNO STOKES MALAY FEARS

[1C](#). KUALA LUMPUR 160 - MALAYSIA'S ELECTION SHOCK

Classified By: POLITICAL SECTION CHIEF MARK D. CLARK, REASON 1.4 (B AND D).

Summary

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[11](#). (C) The March 27 Supreme Council meeting of Prime Minister Abdullah Badawi's ruling United Malays National Organization (UMNO) decided the party's election will be held December 16-20, 2008. The election is widely anticipated to feature a challenge to Abdullah's continued leadership. The election process formally will kick off in July with local UMNO branch contests. The Supreme Council also endorsed the King's choice for Chief Minister in Terengganu state rather than continue on with PM Abdullah's own candidate, an outcome one UMNO division leader described as a "major slap" to the Prime Minister. Meanwhile, UMNO veteran Tengku Razaleigh, reportedly with the support of former Prime Minister Mahathir, gathered a small host of UMNO leaders to his home to press his own campaign for leadership change. Mahathir, in an article published in the mainstream media on March 28, upped the ante by suggesting the Prime Minister and members of his family could be involved in corruption and called for an investigation. The UMNO Supreme Council's announcement of a timetable for party elections this year may help to thwart calls within UMNO to move more quickly to reexamine Abdullah Badawi's leadership, but the Prime Minister's battle for survival is far from over. End Summary.

Party Election in December - UMNO Supreme Council

[12](#). (U) The UMNO Supreme Council at its March 27 meeting decided to hold the party election in late December. This represented a compromise of sorts between calls for the election to be held as early as August, and those who favored postponing the poll until 2009. At the end of a four-hour session, the UMNO Supreme Council announced that UMNO branch level elections would take place July 17 - August 24, divisional level elections October 9 - November 9, and the election for the party supreme council would coincide with the annual UMNO general assembly on December 16-20.

[13](#). (SBU) Comment: As the UMNO election likely could feature an attempt to oust PM Abdullah, a later date is seen as favoring the politically wounded Prime Minister. UMNO's constitution provides for party elections every three years, with the possibility of postponing the election by up to 18 months. UMNO held its last election in September 2004, indicating that the party poll must take place by March 2009.

End Comment.

¶4. (SBU) Party Information Chief Muhammad Muhammad Taib had told reporters March 25 that several UMNO division and state leaders who had been meeting party President PM Abdullah had urged the President to defer the party polls to 2009 to avoid "havoc and disaster." However, the UMNO management committee in a meeting one day before the Supreme Council, recommended the election be held this year. The committee is led by Deputy President/Deputy Prime Minister Najib and includes UMNO Vice President Muhiyiddin Yassin, both possible successors to Abdullah.

Terengganu Fiasco

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¶5. (SBU) In a major reversal for PM Abdullah, the UMNO Supreme Council meeting also endorsed the appointment of Ahmad Said as Terengganu Chief Minister, a man backed by the Sultan of Terengganu who currently holds Malaysia's rotating kingship. PM Abdullah had endorsed outgoing Chief Minister Idris Jusoh to continue in the post, a decision ignored by the King in a exercise of royal prerogative not seen since the 1970's. PM Abdullah on March 23 had declared it would be unconstitutional to appoint anyone but Idris. Nevertheless, Abdullah told reporters after the UMNO Supreme Council meeting that endorsing Ahmad's appointment was "the best decision" based on the need to form the state government and also given Idris' willingness to accept whatever decision was made.

¶6. (C) An UMNO divisional leader in Kuala Lumpur told us on March 28 that the PM realized after his March 26 meeting with the King that Abdullah would not succeed in getting Idris

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reappointed as Chief Minister. Furthermore, an impasse in the formation of the Terengganu state government would further embarrass UMNO especially in the eyes of the UMNO grassroots and the Malays. The Islamist opposition party PAS had begun to take advantage of the situation by charging UMNO with "derhaka" or treason for going against the King. The divisional leader stated candidly, "this episode was a major slap for Abdullah."

Razaleigh Continues Campaign

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¶7. (C) While the UMNO Supreme Council was having its meeting, veteran UMNO leader Tengku Razaleigh held court with some 10 UMNO division leaders and 100 other party officials at his "White House" styled mansion in Kuala Lumpur. Razaleigh has lobbied UMNO divisions to hold an extraordinary general meeting (EGM) on May 11, the anniversary of UMNO's formation, and he has traveled the country seeking UMNO grassroots support. While ostensibly addressing the reasons for UMNO's set-back in the March 8 elections, the EGM is seen as a means to challenge Abdullah's position and also promote Razaleigh's own announced ambition to seek the UMNO presidency. On March 25, a close associate of Mahathir told us the former Prime Minister backs Razaleigh's efforts as a means to depose Abdullah Badawi. We identified a number of those attending Razaleigh's March 28 meeting as associates of former Prime Minister Mahathir.

¶8. (U) According to press sources, the ten UMNO divisional leaders who attended the meeting pledged their support for Razaleigh to challenge Abdullah. They also pledged to launch a campaign calling for the abolition or relaxation of UMNO rules that require a challenger for the presidency to obtain endorsements from 30 percent of UMNO divisions before his name can appear on the ballot. In the 2004 party election, Razaleigh attempted to challenge Abdullah for the presidency, but only managed to secure one division's nomination.

Mahathir Raises First Family Corruption Rumors

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¶19. (U) Mahathir upped the ante in his tussle with PM Abdullah by launching corruption allegations against the First Family in an article appearing in the March 28 edition of the Sun, an English language daily owned by Mahathir crony Vincent Tan. Related to the conflict between the King and the Prime Minister in Terengganu, Mahathir suggested that contracts for mega projects in the state "all went to one person and (people) are suspicious that behind this person are members of the First Family." According to rumors, Mahathir wrote, "the Prime Minister might have influenced the (Chief Minister) into doing wrong things." Mahathir called for "foreign agencies" to launch an investigation.

Comment  
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¶10. (C) The UMNO Supreme Council's announcement of a timetable for party elections this year may help to thwart calls, such as those by Mahathir and Razaleigh, for UMNO to move more quickly to reexamine Abdullah Badawi's leadership, but Abdullah's battle for survival is far from over. The establishment of the elections time frame will kick off maneuvering at the branch and division levels to line up the proper support for the December leadership contest, and money politics likely will play a major role. Abdullah's political capital hit another low as the UMNO Supreme Council failed to produce a face-saving resolution for Terengganu and the Prime Minister lost his public tug-of-war with the King. Prior to the March 8 election, it would have been unthinkable for the mainstream press to carry articles, such as Mahathir's, with corruption allegations that named the Prime Minister and his family; instead, such writings were confined to the unregulated Internet media. As the publication of Mahathir's article suggests, Malaysians are still testing the limits in the post March 8 political environment and have yet to reach any firm boundary.

KEITH